Hill Sets More BCCI Hearings

7/31/91

Banking Regulators To Be Questioned

By Mark Potts
Washington Post Staff Writer

The chairmen of the House and Senate Banking Committees yesterday stepped up their inquiries into the apparent failure of regulators to catch the alleged rampant wrongdoing at the Bank of Credit and Commerce International.

"The BCCI scandal is a prime example of the inadequacy of international bank regulation," Rep. Henry B. Gonzalez (D-Tex.), chairman of the House banking committee, said yesterday. "There is no reason why the U.S. should allow a foreign bank like BCCI to operate in the U.S. if that bank is intent on hiding behind suspect bank secrecy laws and a lax regulatory environment."

"It is essential that we learn how BCCI successfully penetrated the U.S. banking system, and why its activities were not discovered by U.S. banking regulators for several years," said Sen. Donald W. Riegle Jr. (D-Mich.), chairman of the Senate Banking Committee. "This failure and breakdown in regulatory supervision has to be fully understood and corrected."

The House Banking Committee voted yesterday to subpoena records from banking regulators, the CIA and others in connection with the probe, and has scheduled a Sept. 11 hearing for testimony from Clark M. Clifford and Robert A. Altman, the Washington lawyers and top executives at First American Bankshares who have repeatedly said they were unaware of BCCI's ownership of First American.

The Banking Committee hearing will come one day after the Federal Reserve has scheduled a hearing into the charges contained in its detailed 100-page summary, released Monday, that BCCI used a group of Arab front men to secretly purchase First American.

Riegle's committee, meanwhile, plans to ask for subpoena power after Congress returns from recess in September and will then schedule a new round of hearings to follow up on sessions it held in May on the regulatory oversight of BCCI.

Others on Capitol Hill also got into the act yesterday, announcing plans for BCCI-related hearings.

Sen. John Kerry (D-Mass.), a member of the Senate Banking Committee and chairman of its subcommittee on terrorism, narcotics and international operations, said he would hold a hearing Thursday into foreign policy and drug policy implications of the BCCI scandal, including the allegations that BCCI bribed officials of the Peruvian central bank in exchange for deposits.

In addition, Rep. Charles Schumer (D-N.Y.), chairman of the House subcommittee on crime and criminal justice, said his panel would hold a hearing Sept. 5 into allegations that the Justice Department was slow to act on BCCI and that it has impeded investigations by New York officials and others.